

Date: March 5, 2013

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Joel V. Reitzer, Director, General Services Department
Subject: Proposed 3 Year Lease with Liberty Arts, Inc. for Arts Pavilion at 505 Rigsbee Avenue

Executive Summary

Liberty Arts, Inc. ("Liberty Arts"), a non-profit corporation, requests a 3 year lease for its continued operations at 505 Rigsbee Avenue, known as the Liberty Arts pavilion ("the pavilion"). The pavilion was developed in 2003 as part of an agreement between the City of Durham ("City") and Liberty Arts, Inc. to share in the development of Durham Central Park. The pavilion was constructed at the southwest corner of the Liberty Warehouse building located on Foster Street and houses a foundry for casting sculpture. Liberty Arts has leased the pavilion from the City since March 6, 2003.

The proposed lease is for a 3 year term with a 2 year option to renew, to be granted in the City's sole discretion. The rental rate is \$1.00 per year. During the lease term, Liberty Arts is responsible for the operation, maintenance, repair and liability of the building and its contents, and the City will be responsible for the maintenance of the grounds. At the end of the term, the City will become responsible for the operation, maintenance, repairs and liability of the building.

Recommendation

Authorize the City Manager to (1) execute a 3 year lease with a 2 year option to renew with Liberty Arts, Inc. for the Liberty Arts pavilion at 505 Rigsbee Avenue in the amount of \$1.00 per year.

Background

On March 6, 2003, the City and Liberty Arts entered into a development agreement that governed the construction of an arts pavilion on city-owned property. Liberty Arts, whose mission it is to transform the City of Durham through the arts, built a pavilion at its expense at the southwest corner of the Liberty Warehouse building on Foster Street. The pavilion houses a foundry for the main purpose of casting sculpture.

Liberty Arts leases the pavilion from the City and the 10 year lease term expires March 5, 2013. Liberty Arts requests to enter into a new lease with the City for a term of 3 years with a 2 year option to renew. Under the existing lease terms, Liberty Arts is responsible for the operation, maintenance, repair and liability of the building and its contents, and the City is responsible for the maintenance of the grounds. At the end of the term, the City will become responsible for the operation, maintenance, repairs and liability of the building. These responsibilities will not change under the proposed new lease.

Liberty Arts has been, and will continue to be, open to forming partnerships with the City and the Durham County school system and other organizations in developing programs related to the art of sculpture.

Issues/Analysis

Liberty Arts maintains insurance coverage for the pavilion and its contents and is responsible for the operation, maintenance, repair and liability of the leased space. At the conclusion of the 3 year lease term, the City may choose to exercise the 2 year option to renew dependent upon the future of the neighboring Liberty Warehouse and other considerations.

Alternatives

An alternative is to not approve the lease with Liberty Arts. This alternative is not recommended because (1) the City would become responsible for the operation, maintenance, repairs and liability of the building; and (2) the pavilion may be underutilized if the City does not have the resources, including staff, to operate the facility.

Financial Impact

Other than maintenance of the grounds, which is currently performed by the Department of General Services, there will not be an immediate financial impact upon the City during either the proposed lease term or the renewal period. However, after the lease expires, the City will become financially responsible for the total operation, maintenance, repair and liability for the building.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Lease Agreement, Location Map, Photo of Liberty Arts pavilion